

The Business Case for Commuter Benefits At Colleges and Universities

You have a decision to make—you can either build or acquire more parking spaces to accommodate your growing population, or provide outstanding commuter benefits that can help ease the parking crunch.

The bottom line numbers make the decision simple to justify: constructing new parking spaces and maintaining them is often much more costly than providing outstanding commuter benefits for your employees. On average, constructing a parking space costs between \$1,500 and \$17,400 depending on whether it's a surface lot or a garage. In addition, average annual maintenance and operating costs for each space runs from \$420 to \$740, while the average cost of a transit pass for a year is around \$260 per employee (see Table 1).

Transportation and parking-related issues are common challenges for most colleges and universities. Campus vehicle traffic can cause serious strain between academic institutions and their surrounding towns, and the fact that parking capacity at many universities cannot meet parking demand simply compounds the problem. Too many cars competing for too few spaces can lead to increased school-community tension as students, employees, and visitors seek parking in surrounding neighborhoods. However, solving the problem by building more parking spaces is expensive, and increases congestion not only on campus, but also in the surrounding community. Many schools would rather invest in other priorities, such as new buildings or the preservation of campus green space. As a result, institutions across the country have found that establishing a comprehensive commuter benefits program results in a win-win situation—reducing demand for new parking spaces, and reserving funding for other priorities.

A Template for Success: Best Workplaces for CommutersSM Meet the Challenge

Many colleges and universities offer commuter benefits to encourage employees to get to work by ways other than driving alone. The U.S. Environmental Protection Agency (EPA) recognizes these innovative employers on its national list of Best Workplaces for CommutersSM. Many universities are the largest employers in their communities, so reducing employee traffic significantly reduces congestion and increases availability of parking not only on campus, but in the surrounding area. Robert Hendry, transportation management association coordinator at the **University of Massachusetts, Amherst** explains, "Our buses are very popular not only with members of the university community, but also with other Amherst residents not affiliated with the school. The program has done wonders for reducing parking issues in the town."

Commuter Benefits Make Good Business Sense: Commuter Benefits = Reduced Parking Demand for Less Investment

Invest in new parking facilities, or spend money encouraging employees to use alternative transportation? When you are faced with this choice, the bottom line figure often bolsters the argument for commuter benefits. By providing employees a free or low cost transit pass instead of constructing new parking facilities, universities can save, on average, up to \$17,400 in construction costs, \$12,000 in land costs, and \$740 in yearly maintenance and administration per parking spot.

The table below compares the cost of constructing parking to the cost of providing a year of transit transportation at various U.S. universities.

As the following figures show, the costs associated with constructing new parking facilities often far exceed the costs associated with offering commuter benefits. In fact, providing a single parking space in a garage can add up to more than \$18,000 (excluding the cost of land), while annual maintenance for this type of parking space averages \$740ⁱⁱⁱ per year. That's enough to subsidize a year's worth of transit service for more than 72 commuters!



Table 1: Parking Construction vs. Transit Costs

College/University	Parking type(s)	Estimated construction cost per parking space (2005)	Estimated cost of annual transit service per commuter (2005)
National Averageⁱ	Surface lot, underground garage	\$1,500 - \$17,400	\$260
Emory Universityⁱⁱ Atlanta, Georgia	Garage	\$12,100 - \$18,900	\$297
University of Arizonaⁱⁱⁱ Tucson, AZ	Surface lot	\$5,080	\$112
University of Colorado, Boulder^{iv} Boulder, CO	Garage	\$11,064 - \$20,000	\$600 ^v
Cornell University^{vi,vii} Ithaca, NY	Surface lot, garage	\$5,620 – \$15,600	\$132 ^{viii}
Washington State University^x Spokane, WA	Surface lot, underground garage	\$3,600 – \$33,980	\$141
Clemson University^x Clemson, SC	Gravel lot, garage	\$1,850-\$9,800	\$117 ^{xi}

Commuter benefits can also help you reduce parking demand and alleviate tensions with the community. Research shows that the majority of universities report “severe to critical” overflow of parking into the surrounding communities—an **estimated 4 cars are driving to campus for each available on-campus parking space^{xiii}**. Community residents often cite noise, safety concerns, pollution, and inconvenience finding residential parking as major problems in areas where this overflow parking occurs^{xiv}.

Providing a Benefit that Employees Value

Providing commuter benefits that help employees and job seekers save time and money can distinguish your college or university as an employer of choice. Your superior benefits package could help your school rise to the top for job seekers, and helping employees reduce their commuting time and save on vehicle and gas expenses will result in employees who experience greater job satisfaction.

Commuter benefits meeting the EPA’s *National Standard of Excellence* can help keep money in your employees’ wallets. In fact, according to the Bureau of Labor Statistics, housing and transportation are the two largest household expenses^{xv}. In 2003, households spent an average of **\$7,781 on transportation-related expenses, or about 19 percent of total average household expenditures^{xvi}**.

Vehicle-related costs take a significant bite out of most employees’ budgets. AAA estimates that, in 2005, it will cost an average of 56.1 cents per mile, or \$8,410 per year, to own and operate a domestically-produced mid-sized vehicle. Of that total, full insurance coverage comprises approximately \$1,288 per year, according to AAA’s estimates.

Fuel costs continue to increase at a fast clip. The average driver will pay about \$1,285 per year, or 8.5 cents per mile, for fuel, according to AAA. Furthermore, in a survey conducted in 2005 by ComPsych Corp., 16 percent of employee respondents said they would change the way they commute if gas prices continue to rise, and 44 percent said they would prefer to, but cannot. Providing a strong commuter benefits package could help your employees save a lot of money.

And not all commuting costs are monetary. Employees who drive to work alone often experience more stress and time lost due to traffic. According to the Texas Transportation Institute, **a single commuter spends about 47 hours stuck in traffic annually**.

Potential Cost Savings From Reduced Driving ^{xvii}	
Vehicle Driving Costs	Average Cost
Operating Costs	14.1 cents per mile x 28 miles = \$3.95 per day or \$948 per year (over 240 work days)
Ownership Costs (full insurance)	\$1,288 per year
Depreciation (15,000 miles annually)	\$3,879 per year



When we started our EcoPass program, only 350 employees used the Pass. Today, 1,200 (out of 2,200) regularly request the EcoPass. It’s a benefit that employees value.”

—Richard Gartrell, Director of Human Resources, **University of Denver**

“The Mobility Program at University of Texas Health Science Center at Houston is well received by our employees as it provides a stress-free drive in to work with an added benefit of a savings to their pocketbook.”

—Diane Cupples, Mobility Program Coordinator, **University of Texas Health Science Center at Houston**

“We have been able to distinguish ourselves from the competition in recruiting because we can tell people that we provide a free ride to work – job seekers love it!”

—Colleen Fisher Stoll, University of Texas Share Coordinator, **University of Texas, Austin**

Demonstrate Your Environmental Leadership

Because the parking and transportation needs of colleges and universities can have a significant impact on the local community, it is also important to demonstrate environmental leadership by considering sustainable growth options. Commuter benefits are a cost-effective answer for solving such issues and help strengthen the relationship between the university and local community.

University Size	Number of drive-alone commuters	Potential Yearly Reduction*			Vehicle Miles Traveled
		Greenhouse gases (metric tons)	NO _x (tons)	Gasoline savings (gallons)	
Small	5,000	2,300	9	266,000	5.4 million
Medium	15,000	7,000	27	798,000	16.2 million
Large	30,000	14,000	54	1,595,000	32.4 million

*Based on EPA calculations

Best Practices in Commuter Benefits

Funding commuter benefits programs can be easy, especially since funding can come from a variety of sources. **Cornell University**, in Ithaca, New York, divides the cost of its bus program evenly between the university, Tompkins County, and the City of Ithaca. **Clemson University**, in Clemson, South Carolina, receives federal and state grants to help fund its bus system. Other schools help pay for their programs by spreading the cost to the activities they are trying to reduce. The **University of Arizona**, in Tucson, Arizona, funds its commuter benefits with revenues from parking lot permits, metered spaces, special events activities, and citation fees^{xix}.

“We are the largest employer in our community and want to be a good neighbor. We recognize our impact on road congestion and air quality, so we offer transit passes to help mitigate our ‘footprint’ on the local community.”

—Renee Callaway, TDM Program Manager, **University of Wisconsin, Madison**

Become One of the Best Workplaces for Commuters!

By offering a commuter benefits package that meets the *National Standard of Excellence*, you can show the community and your employees you take transportation issues seriously. Becoming one of the Best Workplaces for Commuters makes good business sense, provides a benefit employees value, and demonstrates your environmental leadership. Apply today at www.bwc.gov.

Colleges and universities can be in urban, suburban, or rural areas, and certain commuter benefit options are more suitable for some institutions than others. Schools that receive the Best Workplaces for Commuters designation offer commuting options tailored to faculty and staff needs, as well as to location. Following are a few examples:

- **Subsidized transit passes** encourage employees to take transit rather than drive alone to work. The **University of Michigan** began offering free bus passes to faculty and staff in 1997, limiting the availability of the passes to those who did not purchase the \$500 annual parking pass. Under this program, the University distributed approximately 3,000 passes each year. In 2004, the University expanded the program and negotiated an agreement with the Ann Arbor Transportation Authority (AATA) to provide free rides on the AATA city buses. Now all students and employees ride for free, regardless of whether they purchased a parking pass. As a result, ridership increased nearly 40 percent in the fall of 2004, translating into another 1,000 taking the bus every day.
- **Telework arrangements** allow faculty members to work from home. At **Emory University**, telework is a critical component of a comprehensive benefits package. By providing commute alternatives to more than 1,600 employees and students, the university was able to avoid building a new parking deck—a savings of more than \$16 million.
- **Parking cash out** rewards employees for not using a parking space. At **Dartmouth College**, employees living within $\frac{3}{4}$ of a mile of the college can receive \$180 per year if they choose to give up their spot. Employees who live farther away can earn \$360 per year.
- Many universities offer **free shuttle services** that allow faculty and staff to travel around campus quickly. However, Best Workplaces for Commuters like **University of California, San Francisco** go the extra step and link these shuttles to transit stations to make the commute easier for employees.
- **Housing subsidies** allow employees to live closer to work so they can walk or ride a bike to work. More than 500 employees at **Yale University** have taken advantage of financial incentives to purchase homes in the adjacent neighborhoods so they can either walk or take the shuttle to work.
- **Ridematching programs** enable employees to find other commuters who want to share a car on the way to work. Employees at **Cornell University**, in addition to saving money on gas, can earn rebates on their parking costs.
- At some universities, **vanpool programs** are popular. The **University of Pittsburgh** has offered vanpools for 20 years and recently joined a regional commission to have the vanpools centrally administered.

Calculate the savings associated with a commuter benefits package that gets your school on the list of Best Workplaces for Commuters:

EPA's Business Benefits Calculator allows employers to estimate the financial, environmental, traffic-related, and other business advantages of commuter benefits. By entering information regarding your location, parking situation, number of employees, and related information, you can learn the estimated costs and benefits of commuter benefits for your institution, your employees, and the community. Visit www.bwc.gov/resource/calc.htm to access the calculator.

- ⁱ 2004 Benchmarking the Parking Profession, International Parking Institute
- ⁱⁱ Brian Shaw. (2005). "Alternative Transportation" Emory University [Online]: <<http://www.epcs.emory.edu/alttransp/>>
- ⁱⁱⁱ John Shaheen. (2000). "Washington State University Parking System Review." Washington State University. [Online]: <<http://www.wsu.edu/~parking/task1.pdf>> pp.17-18.
- ^{iv} Will Toor, Spencer W. Havlick. (2004) pp.75
- ^v David Cook. "Transportation Master Plan." Colorado University Parking and Transportation Services. (2003). [Online]: <<http://ucbparking.colorado.edu/TransportationMasterPlan/>>
- ^{vi} Office of Transportation and Mail Services. (1998) . "An implementation history of Cornell University's Transportation Demand Management Program (TDMP)" Cornell University.
- ^{vii} The Center for Renewable Energy and Sustainable Technology (CREST)/Renew America, Transportation Case Studies (1999). <solstice.crest.org/environment/renew_america/94nar/94n1483.htm>.
- ^{viii} Calculated from (\$506,023 in transit payments for 1999 divided by 2,331,939/2 rides in 1999 x rate of inflation (16.07%) = \$.50 per daily round trip per rider x 260 average commute days per school year).
- ^{ix} Parking and Transportation Services. (2005).
- ^x Aaron Bowman, Michael McKinney, Nichole Fanning. (2001). "Clemson University Parking: An Analysis and Proposal on the Feasibility of a Parking Garage". Clemson University. [Online]: <<http://wps.ablongman.com/wps/media/objects/404/414115/ModelsTemplates/ParkingGarageFeasibility.pdf>> pp.11
- ^{xi} Calculated from (\$2,271,425 transportation budget for 2001 x rate of inflation divided by 21,571 students/faculty in 2005) Clemson Budget [Online]: <<http://www.budget.clemson.edu/Manuals/Buddoc02.pdf>> pp.9
- ^{xii} International Parking Institute.
- ^{xiii} Will Toor, Spencer W. Havlick. (2004). "Transportation & Sustainable Campus Communities: Issues, Examples, Solutions." Island Press. Pp. 20.
- ^{xiv} Will Toor, Spencer W. Havlick. (2004). Pp. 10.
- ^{xv} Bureau of Labor Statistics. "Consumer Expenditures Report". [Online]: <<http://www.bls.gov/cex/csxann03.pdf>> pp. 2.
- ^{xvi} Bureau of Labor Statistics. "Consumer Expenditures Report". [Online]: <<http://www.bls.gov/cex/csxann03.pdf>> pp. 3.
- ^{xvii} AAA. Online: <www.aaanewsroom.net/articles.asp>, March 21, 2005.
- ^{xviii} "Minutes: Budget and Capital Committee". Tompkins County. (2002). [Online]: <<http://www.co.tompkins.ny.us/legislature/committee/budget/9-24-02>>
- ^{xix} University of Arizona, Parking and Transportation Services. (2005)